

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2006-184-E – ORDER NO. 2006-494

AUGUST 23, 2006

IN RE: Application of Progress Energy Carolinas,) ACCOUNTING ORDER
Inc. for Approval to Reallocate)
Decommissioning Fund Contributions.)

This matter comes before the Public Service Commission of South Carolina (the Commission) on Progress Energy Carolinas, Inc.'s (Progress Energy's or the Company's) Petition for an Accounting Order regarding its nuclear decommissioning expense. The Company petitions this Commission to issue an Accounting Order for regulatory accounting purposes reallocating the annual nuclear decommissioning expense among its four nuclear units.

Every five years, Progress Energy performs a nuclear decommissioning cost study. In 2001, based on the 1998 Decommissioning Study, the Company requested, and the Commission issued an Order, which approved the reallocation of the amount of nuclear decommissioning expense by unit as follows:

<u>Unit</u>	<u>Annual Expense</u>	<u>% of Total</u>
Brunswick Unit 1	\$1,140,692	24%
Brunswick Unit 2	783,096	17%
Harris Unit 1	1,011,689	22%

Robinson Unit 2	<u>1,715,978</u>	<u>37%</u>
Total	<u>\$4,651,455</u>	<u>100%</u>

The Company's most recent decommissioning study was prepared during 2004, In re-calculating the revenue requirements based on the 2004 Decommissioning Cost Study ("the 2004 Study"), Progress Energy assumed license extensions of the two Brunswick units and the Harris unit, and applied a 4% cost escalation rate, a 7.3% projected return on the external Qualified Fund, and a 4.62% projected return on the external NonQualified Fund. Based on these factors and the results of the 2004 Study, Progress Energy determined that the annual revenue requirement amounts by unit should be as follows:

<u>Unit</u>	<u>Annual Expense</u>	<u>% of Total</u>
Brunswick Unit 1	\$ 244,472	5%
Brunswick Unit 2	234,324	5%
Harris Unit 1	2,410,509	51%
Robinson Unit 2	<u>1,805,760</u>	<u>39%</u>
Total	<u>\$4,695,065</u>	<u>100%</u>

The total revenue requirement of \$4,695,065 varies less than 1% from the annual expense level of \$4,651,455 being recorded on the Company's book. However, the revenue requirements by unit vary significantly.

In recognition of the fact that the estimated costs to decommission these units may change upon completion of the next cost study, Progress Energy wishes to continue contributing \$4,651,455 annually to its external trust funds, however, the Company

proposes to reallocate the total annual nuclear decommissioning expense by unit, in relation to the most recent 2004 Study, as follows:

<u>Unit</u>	<u>Annual Expense</u>	<u>% of Total</u>
Brunswick Unit 1	\$ 242,201	5%
Brunswick Unit 2	232,147	5%
Harris Unit 1	2,388,119	51%
Robinson Unit 2	<u>1,788,988</u>	<u>39%</u>
Total	<u>\$4,651,455</u>	<u>100%</u>

The proposed reallocated annual expense amounts shown in the preceding paragraph were determined by applying the unit cost percentages from the 2004 Study to the current funding amount of \$4,651,455. Therefore, the proposed total expense remains at the current level.

Progress Energy notes that the amounts currently expensed were approved by previous Commission order. Therefore, Progress Energy needs and requests an Accounting Order to reallocate the expense level as described above. Progress Energy requests that such expenses be in effect as of January 1, 2006, and thereafter until such time as Progress Energy requests, or the Commission orders, a change. This does not involve a change to any Progress Energy rate or price and does not involve any Commission rule, regulations, or policies. Accordingly, Progress Energy has petitioned this Commission to issue an Accounting Order allocating the annual expense level among each of Progress Energy's four nuclear units as set forth above.

The Office of Regulatory Staff (ORS) has reviewed this filing, and has no objection to the proposed Accounting Order.

We have examined the request, and we hereby issue this Accounting Order as requested, and we approve the terms as outlined by the Company. We approve the reallocation of the annual decommissioning expense among the Company's four nuclear units as shown above. Clearly the 2004 Study justifies the reallocation. As requested, we declare that the reallocated expenses shall be in effect from January 1, 2006 and thereafter, until such time as Progress Energy requests, or this Commission orders, a change.

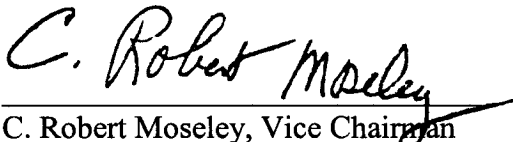
This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:



G. O'Neal Hamilton, Chairman

ATTEST:



C. Robert Moseley, Vice Chairman

(SEAL)